



One Liberty Plaza, 165 Broadway
New York, NY 10006
www.empireblue.com

December 8, 2008

Mr. Robert DuBois
Director, Employee Benefits Division
Department of Civil Service
Alfred E. Smith Office Building
Albany, New York 12239

Re: New York State Hospital and Benefit Management Program Administrative Fee Agreement

Dear Mr. DuBois:

This letter summarizes the agreement reached between the New York State Department of Civil Service, the New York State Division of Budget and Empire BlueCross BlueShield with regard to the Hospital and BMP Program renewal and administrative fees for the period 1/1/2009 – 12/31/2011. Premium rates will be agreed upon separately.

The following is the administrative fee portion of retention:

Year	PCPM Fee*	Percentage Increase
2009		
2010		
2011		

The above administrative fees will be reduced by [redacted] per contract per month for *only* the incremental enrollment over 499,999 in a given month.

There will be no year-end settlement of these administrative fees to actual costs. Any difference between the guaranteed administrative fee and projected or actual cost will represent profit or loss to Empire BCBS. Settlement charges for the administrative component of retention will be the above PCPM Fees times the average monthly contracts for each applicable year. Notwithstanding this paragraph, [redacted]

[redacted]

[redacted]

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The administrative fees set forth above do not include the following, which shall be charged separately to the New York State Health Insurance Program's Empire Plan:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

We look forward to continuing to work with you in the future.

Sincerely,

[REDACTED]

William Corrigan
Regional Vice President, Underwriting

AGREED TO AND ACCEPTED	APPROVED BY
<p data-bbox="360 1417 712 1485">New York State Department of Civil Service</p> <p data-bbox="285 1521 740 1585">By [REDACTED]</p> <p data-bbox="285 1596 789 1655">Print Name [REDACTED]</p> <p data-bbox="285 1676 789 1740">Title <u>DEPUTY COMMISSIONER</u> <u>FOR ADMINISTRATION</u></p> <p data-bbox="285 1751 740 1793">Date <u>12/16/08</u></p>	<p data-bbox="926 1417 1207 1485">New York State Division of the Budget</p> <p data-bbox="806 1489 1285 1585">By [REDACTED]</p> <p data-bbox="806 1596 1301 1655">Print Name <u>Robert E. Brondi</u></p> <p data-bbox="806 1676 1301 1740">Title <u>Chief Budget Examiner</u></p> <p data-bbox="806 1751 1268 1793">Date <u>12/29/08</u></p>